

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

ST. LUKE'S HOSPITAL, d/b/a
MCLAREN ST. LUKE'S
c/o Martin Morrissey
5901 Monclova Road
Maumee, OH 43537

And

WELLCARE PHYSICIANS GROUP, LLC
c/o Jennifer Montgomery
5901 Monclova Road
Maumee, OH 43537

Plaintiffs,

vs.

PROMEDICA HEALTH SYSTEM, INC.
c/o CT Corporation System
4400 Easton Commons Way, Ste. 125
Columbus, OH 43219

and

PROMEDICA INSURANCE
CORPORATION
c/o CT Corporation System
4400 Easton Commons Way, Ste. 125
Columbus, OH 43219

and

PARAMOUNT CARE, INC.
c/o CT Corporation System
4400 Easton Commons Way, Ste. 125
Columbus, OH 43219

and

PARAMOUNT CARE OF MICHIGAN,
INC.
c/o The Corporation Company

CASE NO.

Judge

**COMPLAINT WITH JURY TRIAL
DEMANDED**

40600 Ann Arbor Rd, E. Ste 201
Plymouth, MI 48170

and

PARAMOUNT INSURANCE COMPANY
c/o CT Corporation System
4400 Easton Commons Way, Ste. 125
Columbus, OH 43219

and

PARAMOUNT PREFERRED OPTIONS,
INC.
c/o CT Corporation System
4400 Easton Commons Way, Ste. 125
Columbus, OH 43219

Defendants.

COMPLAINT

INTRODUCTION

1. This Complaint is being filed to seek preliminary and permanent injunctive relief and damages in response to immediately impending actions by ProMedica Health System, Inc. (“ProMedica”) which threaten to seriously harm St. Luke’s Hospital and its physicians and patients. ProMedica’s actions will further cement and enhance ProMedica’s dominant market position and will suppress efforts at greater competition by St. Luke’s.

2. McLaren Health Care Corporation, a multi-hospital system in Michigan, has recently acquired St. Luke’s, and agreed to revitalize it with a \$100 million investment, as well as the assumption of substantial debt. McLaren’s commitment will provide vital support to allow St. Luke’s to recover from the serious financial wounds inflicted on it by the unfair divestiture agreement imposed on St. Luke’s by ProMedica, after ProMedica’s acquisition of St. Luke’s was reversed by the Federal Trade Commission (“FTC”). McLaren’s efforts will also include additional

critical assistance which will allow St. Luke's to operate successfully and offer a broader range of services to the community. These new services would include substantial new cancer care services offered by the Karmanos Cancer Center, a subsidiary of McLaren which provides nationally recognized cancer services, including a wide variety of services not now available in Lucas County. These efforts will make St. Luke's a more significant competitor to ProMedica, the dominant health care system in Lucas County.

3. In response, ProMedica has caused its health insurance subsidiaries ("Paramount") to provide notice of termination of their commercial insurance and Medicare Advantage contracts with St. Luke's and its physicians, effective January 1, 2021. Notice of termination was given the day after the McLaren acquisition was complete. In fact, senior ProMedica executives admitted that this action was taken in response to McLaren's acquisition and in response to the prospect of greater competition from McLaren St. Luke's. On the same date, ProMedica terminated the contracts of its Michigan hospitals with McLaren Health Plan.

4. ProMedica also caused its subsidiaries to terminate eight different service and related contracts with St. Luke's after the McLaren transaction was announced. ProMedica also applied pressure to its physicians to cease practicing at St. Luke's.

5. All these actions will harm (and some already have harmed) St. Luke's and health care competition in numerous relevant markets in Lucas County. In particular, termination of the Paramount contracts would very seriously and irreparably injure St. Luke's, would deprive large numbers of patients of their preferred health care providers, and would suppress additional competition from St. Luke's which the McLaren relationship promises to create. These actions are completely anticompetitive, unjustified, and contrary to the legitimate business interest of Paramount, since it has been highly profitable for Paramount to include St. Luke's in its network,

and Paramount has done so since 2010. Similarly, the physician relationships that ProMedica has terminated have been highly beneficial to ProMedica, and have existed since 2018. ProMedica and Paramount's actions make sense only as an effort to harm St. Luke's and maintain ProMedica's dominance.

6. These actions triggered by the McLaren transaction are only the latest in an ongoing campaign by ProMedica to prevent or suppress competition from St. Luke's and its other competitors and to thereby maintain and enhance ProMedica's monopoly power. ProMedica's actions began in 2007 and 2008, when it demanded that certain major health plans not include St. Luke's in their networks. ProMedica's anticompetitive actions continued with an effort to acquire St. Luke's, even though it should have been apparent to ProMedica that such an acquisition clearly violated federal antitrust laws. ProMedica then removed many of St. Luke's functions and services while the FTC's antitrust challenge was proceeding. ProMedica continued to take action to harm St. Luke's throughout the "divestiture" process ordered by the FTC.

7. ProMedica's efforts to harm St. Luke's and diminish its competitiveness also resulted in the imposition of extremely harsh terms as part of the divestiture, which left St. Luke's saddled with enormous debt and tremendous obstacles to operating profitably after the divestiture.

8. During the same period, ProMedica has taken extraordinary steps to neutralize any competition from University of Toledo Medical Center ("UTMC"). ProMedica agreed to pay University of Toledo hundreds of millions of dollars in order to shift virtually the entire faculty of the University of Toledo Medical School from UTMC to ProMedica, thereby depriving UTMC of its status as an academic medical center and conferring that status on ProMedica Toledo Hospital.

9. All these actions have been taken for one reason and one reason only, and that is to harm competition and entrench ProMedica's dominance. They are clear violations of the antitrust

laws. In particular, unless the attempted termination of St. Luke's by Paramount is preliminarily and permanently enjoined, ProMedica's efforts will be successful, and St. Luke's, its patients and health care in Lucas County will be irreparably harmed.

PARTIES

10. Plaintiff St. Luke's Hospital, d/b/a "McLaren St. Luke's" is a domestic nonprofit corporation organized under the laws of Ohio. Its principal office is located in the City of Maumee Ohio, County of Lucas, and State of Ohio. The sole member of St. Luke's Hospital is McLaren Health Care Corporation.

11. Plaintiff WellCare Physicians Group, LLC ("WellCare"), is a domestic limited liability company organized under the laws of Ohio. WellCare employs physicians and other medical practitioners in a variety of specialties. Its principal office is located in the City of Maumee Ohio, County of Lucas, and State of Ohio. The sole member of WellCare is St. Luke's.

12. Defendant ProMedica Health System, Inc. ("ProMedica") is a domestic nonprofit corporation organized under the laws of Ohio. Its principal office location is located in Toledo, Lucas County, Ohio. ProMedica offers medical, surgical, psychiatric, rehabilitative, skilled nursing, home health, and hospice services across 28 states. The system includes at least 12 hospitals, 4 ambulatory surgery centers, and more than 400 post-acute facilities. The system also includes a large employed physician group and insurance entities, as described below.

13. Defendant ProMedica Insurance Corporation is a domestic nonprofit corporation organized under the laws of Ohio. The principal office location of ProMedica Insurance Corporation is located in Toledo, Lucas County, Ohio. ProMedica is the sole shareholder of ProMedica Insurance Corporation. ProMedica Insurance Corporation and its subsidiaries currently offer various insurance products in Ohio and Michigan, including commercial insurance, Medicaid, Medicare, and managed care workers compensation insurance.

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